

SENATE TAXATION

EXHIBIT NO. 6

DATE 2.4.09

BILL NO. SB456

**SB 456 - Exempting Tribally Owned lands from taxation.**

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**Sent:** Tuesday, March 03, 2009 3:18 PM

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**Cc:** Juneau, Carol [csjuneau@3rivers.net]; Harold Blattie

Ladies and gentlemen of the Senate Taxation Committee:

I am advised that there is a hearing on Senate Bill 456, to exempt fee patent lands owned by a tribe and within it's reservation from state taxation on Weds., the 4th of March, 2009. I must be in Court on that date and write to provide a County perspective on this bill.

I want to call to your attention to the fact that Glacier (and most other Reservation counties in Montana) receive payments in lieu of taxes for lands held in trust by the U.S. Government for individuals and tribes within the exterior boundaries of an Indian Reservation. These funds are used by the County to meet expenses incurred in providing county wide services, primarily schools and education, within our County.

The proposed legislation merely exempting tribally owned lands from State taxation does not, on its face, make any such provision for a substitute source of funding for the taxes that would be lost to the County should this bill pass. Currently, the Blackfeet Tribe owes Glacier County \$923,162.56 in taxes plus penalties and interest. I have asked about a fiscal note but haven't had a response at this point-I urge members of the Committee to do the same.

Past efforts by County and tribal officials and the Governor's office to resolve the matter of taxes owed by the Tribe and on the books here in Glacier County have been unsuccessful to date. While I appreciate the fact that this causes the Tribe financial difficulty and that Senator Juneau's bill is not retroactive and would not discharge past indebtedness, the future loss of this tax base to our County would be very serious. As you are aware, the Schools (in this case, Glacier County District 9) receive between 78 and 80 cents from these property tax dollars; the balance goes to the County General and Special funds. Loss of this sort of tax base without some reimbursement to the County to replace this loss would have a direct impact on schools serving the reservation and on the County's ability to provide services to its citizens.

Other Counties are collecting taxes on fee patent real properties owned by Montana Tribes. My last survey of other Counties with reservations indicated that all other tribes are paying taxes on any fee patent assets in their County. I ask that in considering the fiscal note assigned to this that you also consider the "fiscal impact" to the Counties such as Glacier and Lake.

I urge you to consider the impact of this legislation in reviewing SB-456 and its possible impact on reservation counties such as Glacier. I also ask that you consider the MACO testimony re this bill.

Thank you for taking the time to consider this brief missive and for your continued service to all Montanans.

Larry Epstein  
Glacier County Attorney.